PROXY STATEMENT

Solicitation of Proxies

This proxy statement is furnished by the Board of Directors (the "Board") of Philip Morris Companies Inc., 120 Park Avenue, New York, N.Y. 10017, in connection with its solicitation of proxies for use at the annual meeting of stockholders to be held on Thursday, April 29, 1993, at 9:30 A.M., at the Philip Morris Manufacturing Center, 3601 Commerce Road, Richmond, Virginia, and at any and all adjournments thereof. Mailing of the proxy statement will commence on or about March 11, 1993. Holders of record of Common Stock, $1 par value (the "Common Stock"), at the close of business on March 11, 1993 will be entitled to one vote for each share held on all matters to come before the meeting. On March 3, 1993, there were outstanding shares of Common Stock.

A proxy on the enclosed form may be revoked at any time before it has been exercised. Unless the proxy is revoked or there is a direction to abstain on one or more proposals, it will be voted on each proposal and, if a choice is made with respect to any matter to be acted upon, in accordance with such choice. If no choice is specified, the proxy will be voted as recommended by the Board. The proxy will also serve to instruct the administrator of the Company's dividend reinvestment and voluntary cash payment plan and the trustee of any defined contribution plan sponsored by the Company how to vote the plan shares of a participating stockholder or employee.

Voting at the Meeting

A majority of the votes entitled to be cast on matters to be considered at the meeting constitutes a quorum. If a share is represented for any purpose at the meeting, it is deemed to be present for all other matters. Abstentions and shares held of record by a broker or its nominee ("Broker Shares") that are voted on any matter are included in determining the number of votes present. Broker Shares that are not voted on any matter will not be included in determining whether a quorum is present.

The election of each nominee for director requires the affirmative vote of a plurality of the shares cast with respect to each nominee. Shares with respect to which authority is withheld and Broker Shares that are not voted will not be included in determining the number of votes cast. In order to be approved, the votes cast for the selection of auditors and for each stockholder proposal must exceed the votes cast against. Abstentions and Broker Shares that are not voted will not be included in determining the number of votes cast.

Stockholders' proxies are received by the Company's independent proxy processing agent, and the vote is certified by independent inspectors of election. Proxies and ballots that identify the vote of individual stockholders will be kept confidential, except as necessary to meet legal requirements, in cases where stockholders write comments on their proxy cards or in a contested proxy solicitation. During the proxy solicitation period, the Company will receive vote tallies from time to time from the inspectors, but such tallies will provide aggregate figures rather than names of stockholders. The independent inspectors will notify the Company if a stockholder has failed to vote so that he or she may be reminded and requested to do so.

As used herein, the term "Company" or "Philip Morris" includes Philip Morris Companies Inc. from July 1, 1985 and Philip Morris Incorporated prior to July 1, 1985 and, where appropriate, their subsidiaries.

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ELECTION OF DIRECTORS

General Information

The Board has the responsibility for establishing broad corporate policies and for the overall performance of the Company although it is not involved in day-to-day operations. Members of the Board are kept informed of the Company's businesses by various reports and documents sent to them each month as well as by operating and financial reports made at Board and committee meetings by the Chairman of the Board and other officers. In addition, the Board has an annual two or three day meeting to review the Company's Five-Year Plan.

Regular meetings of the Board are held each month, except July. The organizational meeting follows immediately after the annual meeting of stockholders. The Board held eleven regular monthly meetings in 1992.

Committees of the Board

Various committees have been established by the Board to assist it in the discharge of its responsibilities. Certain of these committees are described below. The biographical information on the nominees for director, which begins on page 3 of this proxy statement, includes committee memberships currently held by each nominee.

The **Audit Committee** meets with management, the Company's independent accountants and its internal auditors to consider the adequacy of the Company's internal controls and other financial reporting matters. The Audit Committee recommends to the Board the engagement of the Company's independent accountants, discusses with the independent accountants their audit procedures, including the proposed scope of the audit, the audit results and the accompanying management letters and, in connection with determining their independence, reviews the services performed by the independent accountants. This committee, which also monitors compliance with the Company's Business Conduct Policy, consists of six non-employee directors and met four times in 1992.

The **Committee on Public Affairs and Social Responsibility** reviews and monitors the Company's policies, practices and programs with respect to public issues of importance to stockholders, the Company and the general public to the extent those matters are not the responsibility of other committees of the Board. This committee met three times in 1992. Twelve directors have been designated members of this committee.

The **Compensation Committee,** consisting of five non-employee directors, held five meetings in 1992. This committee determines cash remuneration arrangements for the highest paid executives and administers the Company's stock option and incentive compensation plans. The report of the Compensation Committee on Executive Compensation appears on pages 9 to 11 of this proxy statement.

The **Corporate Employee Plans Investment Committee,** consisting of six directors, held six meetings in 1992. This committee oversees the investment of certain employee benefit plan assets.

The **Executive Committee** has authority to act for the Board on most matters during intervals between Board meetings. Eight directors have been designated members of this committee.

The **Finance Committee** consists of nine directors and met four times in 1992. It monitors the financial condition of the Company and advises the Board with respect to financing needs and dividend policy.

The **Nominating Committee** consists of seven non-employee directors and met three times in 1992. This committee reviews the qualifications of candidates suggested by Board members, management, stockholders and other sources, considers the performance of incumbent directors in determining

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whether to nominate them for reelection and recommends to the Board a slate of nominees for election as directors.

The Nominees

It is proposed that nineteen directors be elected to hold office until the next annual meeting of stockholders and until their successors have been elected. The Nominating Committee has recommended to the Board the persons named below as management's nominees and, unless otherwise marked, a proxy will be voted for such persons. Each of the nominees currently serves as a director and was elected by the stockholders at the 1992 annual meeting, except for John D. Nichols, who was elected by the Board on October 28, 1992. All nominees attended at least 75% of the aggregate number of meetings of the Board and all committees of the Board on which they served during 1992, except Rupert Murdoch.

Although management does not anticipate that any of the persons named below will be unable or unwilling to stand for election, a proxy, in the event of such an occurrence, may be voted for a substitute designated by the Board. However, in lieu of designating a substitute, the Board may amend the By-Laws to reduce the number of directors.

Elizabeth E. Bailey
John C. Hower, Professor of Public Policy & Management, The Wharton School of the University of Pennsylvania, Philadelphia, PA

Director since 1989

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Dr. Bailey assumed her present position on July 1, 1991, having served from July 1990 to June 1991 as a professor of industrial administration at Carnegie-Mellon University and as a visiting scholar at the Yale School of Organization and Management. From 1983 to 1990, she was dean of the Graduate School of Industrial Administration of Carnegie-Mellon University. Dr. Bailey serves as a director of the College Retirement Equities Fund, CSX Corporation, Honeywell Inc. and National Westminster Bancorp Inc. and as a trustee of the Brookings Institution. She is a member of the Audit and Public Affairs and Social Responsibility Committees.

Murray H. Bring
Senior Vice President and General Counsel

Director since 1988

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First employed by the Company in 1988, REDACTED

REDACTED

Harold Brown
Counselor, Center for Strategic and International Studies, Washington, DC; Partner, Warburg Pincus & Co., New York, NY, venture capital

Director since 1983

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Dr. Brown assumed his present position at the Center for Strategic and International Studies on July 1, 1992. Prior thereto and from 1984, he was chairman of the Foreign Policy Institute of the School of Advanced International Studies, The Johns Hopkins University. Dr. Brown has been a partner of Warburg Pincus & Co. since 1990. Dr. Brown is a director of AMAX Inc., CBS Inc., Cummins Engine Co. Inc., International Business Machines Corporation and Mattel, Inc. Dr. Brown serves on the Compensation, Corporate Employee Plans Investment, Finance, Nominating and Public Affairs and Social Responsibility Committees.

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J.A. Cordido-Freytes
Member of Betancourt, Cordido and Associates, Caracas, Venezuela, attorneys

Director since 1968

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Dr. Cordido-Freytes has practiced law in Caracas, Venezuela, for more than 40 years. The firm of Betancourt, Cordido and Associates has performed and can be expected to continue to perform legal services for the Company and its affiliates. Dr. Cordido-Freytes serves as president of C.A. Tabacalera Nacional, an affiliate of the Company. He is a member of the Nominating and Public Affairs and Social Responsibility Committees.

William H. Donaldson
Chairman and Chief Executive Officer of the New York Stock Exchange, Inc., New York, NY

Director since 1979

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Mr. Donaldson assumed his present position on January 2, 1991. Prior thereto and from 1980, he was chairman and chief executive officer of Donaldson Enterprises Incorporated. He serves as a director of Aetna Life and Casualty Co., Honeywell Inc., the Carnegie Endowment for World Peace, the Committee for Economic Development, the Lincoln Center for the Performing Arts, Inc., the New York City Partnership and the Business Council of New York State and as a trustee of the Marine Corps Command & Staff College Foundation. Mr. Donaldson is chairman of the Corporate Employee Plans Investment Committee and a member of the Audit, Executive, Finance and Nominating Committees.

Paul W. Douglas
Retired; formerly Chairman and Chief Executive Officer of The Pittston Company, Greenwich, CT, coal and transportation services

Director since 1980

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Mr. Douglas retired on October 1, 1991, having served as chairman and chief executive officer of the Pittston Company from 1984 to October 1, 1991. He also serves as a director of Holmes Protection Group, Inc., The New York Life Insurance Company, MacMillan Bloedel Limited, Phelps Dodge Corporation and U.S. Trust Corporation. Mr. Douglas is a member of the Audit, Compensation and Executive Committees.

Jane Evans
Vice President and General Manager, Home & Personal Services Division, U.S. West Communications, Inc., Phoenix, AZ

Director since 1981

R

Ms. Evans assumed her present position in April 1991. From 1987 to 1989 she was a general partner of Montgomery Securities and from 1989 until 1991 President and Chief Executive Officer of the InterPacific Retail Group. Ms. Evans serves as a director of Edison Brothers Stores, Inc., Maidenform, Inc., The Heard Museum, the Ladies Professional Golf Association and the Phoenix United Way. She is a member of the Nominating and Public Affairs and Social Responsibility Committees.

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Robert E. R. Huntley
Counsel, Hunton & Williams, Richmond, VA, attorneys

Director since 1976

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Mr. Huntley became counsel to the firm of Hunton & Williams in 1988, having served as chairman, president and chief executive officer of Best Products Co., Inc. from 1987 to November 1988. Mr. Huntley serves as a director of Centel Corp. He is chairman of the Audit Committee and a member of the Compensation, Finance and Public Affairs and Social Responsibility Committees.

Hamish Maxwell
Chairman of the Executive Committee

Director since 1974

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First employed by the Company in 1954, Mr. Maxwell was Chairman of the Board and Chief Executive Officer from 1984 until his retirement in 1991.

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REDACTED

Michael A. Miles
Chairman of the Board and Chief Executive Officer

Director since 1989

R

First employed by Kraft, Inc. ("Kraft") in 1982 as President and Chief Operating Officer, Mr. Miles became President and Chief Executive Officer of the Kraft General Foods Group, now Kraft General Foods, Inc. ("Kraft General Foods") in March 1989 and Chairman and Chief Executive Officer of Kraft General Foods in December 1989 when he became Vice Chairman of the Company. He became Deputy Chairman of the Company in April 1991, and Chairman of the Board and Chief Executive Officer of the Company on September 1, 1991. Mr. Miles is a director of Sears, Roebuck & Co., the Grocery Manufacturer's of America, Inc., the Business Committee for the Arts, Inc., and the National Multiple Sclerosis Society and a trustee of The Conference Board and Northwestern University. Mr. Miles is a member of the Executive, Finance and Public Affairs and Social Responsibility Committees.

T. Justin Moore, Jr.
Counsel, Hunton & Williams, Richmond, VA, attorneys

Director since 1973

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Mr. Moore served as chairman of the board of Dominion Resources, Inc. from 1983 until his retirement in 1985, having previously served as chairman of the board of its subsidiary, Virginia Electric and Power Company. He is a director of Central Fidelity Banks, Inc., Dominion Resources, Inc. and GTE Corporation and serves as a trustee of the Colonial Williamsburg Foundation and the Virginia Foundation for Independent Colleges. Mr. Moore is chairman of the Nominating Committee and a member of the Finance and Public Affairs and Social Responsibility Committees.

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Rupert Murdoch—
Chairman and Chief Executive of The News Corporation Limited, New York, NY, publishing, motion pictures and television

Director since 1989

R

Mr. Murdoch became publisher of News Limited of Australia in 1954 and in 1959 assumed the position of chief executive of the subsequently formed parent company, The News Corporation Limited, the interests of which include TV Guide and Twentieth Century Fox in the United States and The Times and Sunday Times in the United Kingdom. Mr. Murdoch is a member of the Compensation and Public Affairs and Social Responsibility Committees.

William Murray
President and Chief Operating Officer

Director since 1984

R

First employed by the Company in 1970, Mr. Murray became Vice Chairman in 1987. He assumed his present position in 1991.

REDACTED

John D. Nichols
Chairman and Chief Executive Officer, Illinois Tool Works Inc., Glenview, IL

Director since 1992

R

Mr. Nichols assumed his present position with Illinois Tool Works Inc. in 1986. He serves as a director of Household International Corporation, Rockwell International Corporation, Stone Container Corporation, the Art Institute of Chicago, the Chicago Symphony Orchestra, Junior Achievement of Chicago, the Lyric Opera of Chicago and the Museum of Science and Industry and as a trustee of the Argonne National Laboratory and the University of Chicago.

Richard D. Parsons
Chairman and Chief Executive Officer, The Dime Savings Bank of New York, FSB, New York, NY

Director since 1990

R

Mr. Parsons became chief executive officer of The Dime Savings Bank in July 1990, having served as president and chief operating officer from July 1988. He became chairman in 1991. From 1979 to July 1988, he had been a partner in the law firm of Patterson, Belknap, Webb & Tyler. Mr. Parsons also serves as a director of the Federal National Mortgage Association, Time-Warner, Inc., the Metropolitan Museum of Art and the Rockefeller Brothers Fund and as trustee of Howard University. He is a member of the Audit, Executive and Public Affairs and Social Responsibility Committees.

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Roger S. Penske
President, Penske Corporation, transportation service, and Chief Executive Officer, Detroit Diesel Corporation and Penske Truck Leasing Corporation, Detroit, MI

Director since 1991

R

Mr. Penske has been president of Penske Corporation since 1969. He became chief executive officer of Detroit Diesel Corporation in 1988. Mr. Penske serves as a director of American Express Company, Conner Peripherals, Inc. and Shearson Lehman Brothers Holdings Inc. and as a trustee of the Henry Ford Museum and Greenfield Village. He is member of the Finance Committee.

John S. Reed
Chairman of Citicorp and Citibank, N.A., New York, NY

Director since 1975

R

Mr. Reed assumed his present positions with Citicorp and Citibank, N.A. in 1984. He also serves as a director of Monsanto Company and the Spencer Foundation, as a member of the Corporation, Massachusetts Institute of Technology, as a trustee of The Rand Corporation and the Russell Sage Foundation and as a member of the board of managers of the Memorial Sloan-Kettering Cancer Center. He is chairman of the Compensation Committee and a member of the Audit, Corporate Employee Plans Investment, Executive, Finance and Nominating Committees.

John M. Richman
Counsel, Wachtell, Lipton, Rosen & Katz, Chicago, IL, attorneys

Director since 1988

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On December 1. 1989. upon his retirement as an officer of the Company, I

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Hans G. Storr
Executive Vice President and Chief Financial Officer and Chairman and Chief Executive Officer of Philip Morris Capital Corporation

Director since 1982

R

First employed by the Company in 1955, Mr. Storr was named its Chief Financial Officer in 1979. He was named a Senior Vice President in 1987 and an Executive Vice President in 1991. Since the formation of Philip Morris Capital Corporation in 1982, he has served as its Chief Executive Officer.

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Compensation Committee Interlocks and Insider Participation

Mr. Huntley (who is a member of the Compensation Committee) and Mr. Moore (who is not a member) are counsel to Hunton & Williams, which acts as counsel to the Company. In 1992, the Company paid Hunton & Williams fees of $10,171,451. Messrs. Brown, Douglas, Murdoch and Reed are the other members of the Compensation Committee.

Compensation of Directors

Directors who are full-time employees of the Company receive no additional compensation for services as a director. In 1992, non-employee directors received an annual retainer of $26,000 and fees of $1,000 for each Board meeting attended, $1,000 ($2,000 for the chairman) for each meeting attended of the Audit, Compensation, Corporate Employee Plans Investment, Executive, Finance, Nominating and Public Affairs and Social Responsibility Committees and $500 ($1,000 for the chairman) for each other committee meeting attended. The chairman of the Compensation Committee receives $10,000 for additional services rendered in connection with certain of the Company's compensation plans.

Each director who is not employed by the Company and was not so employed on January 1, 1990 receives annually on May 1 a share distribution equal to the lesser of (i) 400 shares or (ii) that number of shares of Common Stock having an aggregate fair market value equal to 100% of the cash retainer fee paid during the preceding twelve months. On May 1, 1992, each such director received 335 shares of Common Stock.

The 1992 Compensation Plan for Non-Employee Directors permits a director to defer meeting fees and all or a part of the retainer fee. Deferred amounts are "credited" to an unfunded account and may be "invested" in four "investment choices" which are the same as those offered under the Philip Morris Deferred Profit-Sharing Plan and which are used to determine the "earnings" that are credited for bookkeeping purposes. Subject to certain restrictions, the director is permitted to take cash distributions, in whole or in part, from his or her account either prior to or following termination of service.

Under the Pension Plan for Directors, any director who was not an employee of the Company, who ceases to be a director at his or her normal retirement date and who has completed five years of accredited service is entitled until death to an annual pension (payable monthly) equal to the annual cash retainer in effect on his or her retirement date plus 25% of attendance fees for up to twenty-four Board meetings earned during the two years before retirement. A qualifying director retiring before his or her normal retirement date but after age 60 and after completing five years of accredited service is entitled for a period equal to his or her accredited service to monthly pension payments. In the event of a change in control, a retiring director, not otherwise eligible for a pension benefit, will receive monthly payments for a period equal to his or her accredited service.

The Company has entered into employment agreements with each of its officer-directors as described below under "Executive Compensation—Certain Agreements."

Reports filed by Joseph F. Cullman 3rd, a director emeritus, pursuant to Section 16(a) of the Securities Exchange Act of 1934, failed to include shares held by his wife, and a gift made by her to a trust was not timely disclosed by Mr. Cullman or the trust. These omissions were corrected in May of 1992.

Ownership of Equity Securities

The following table sets forth information, as of February 1, 1993, as to the beneficial ownership of Common Stock of the Company, including shares of Common Stock as to which a right to acquire ownership within sixty days exists (for example, through the exercise of stock options or through various trust arrangements), of each director, each nominee for director, each executive officer named in the

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Summary Compensation Table and of the directors and executive officers of the Company as a group. The beneficial ownership of each director, nominee and officer and of the group is less than 1% of outstanding shares.

Name	Sole Voting and Investment Power (1)	Other (2)	Aggregate Total
Elizabeth E. Bailey			
Geoffrey C. Bible			
Murray H. Bring		REDACTED	
Harold Brown			
J.A. Cordido-Freytes			
William H. Donaldson			
Paul W. Douglas			
Jane Evans			
Robert E.R. Huntley			
Hamish Maxwell			
Richard P. Mayer			
Michael A. Miles			
T. Justin Moore, Jr.			
Rupert Murdoch			
William Murray			
John D. Nichols		REDACTED	
Richard D. Parsons			
Roger S. Penske			
John S. Reed			
John M. Richman			
Hans G. Storr			
Group			

(1) Includes maximum number of shares subject to purchase before April 2, 1993 upon the exercise of stock options as follows:

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(2) Includes shares held in certain fiduciary capacities (including such holdings by a spouse) and shares owned by spouses, minor children and other relatives sharing the home of the nominee, director or officer. With the exception of Mr. Moore, beneficial ownership of these shares is disclaimed by all named individuals. Mr. Moore disclaims any beneficial interest in 1,300 shares held by his spouse. Also includes shares held jointly with spouse and shares of restricted stock.

EXECUTIVE COMPENSATION

Compensation Committee Report on Executive Compensation

To Our Stockholders:

The Company's mission is to be the most successful consumer packaged goods company in the world. The Committee, which is comprised of non-employee directors, fully supports the Company's mission. In furtherance of that mission, the Committee believes that it has the responsibility for implementing a total compensation philosophy which will enable the Company to:

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- Hire, develop, reward and retain the highest quality of managers possible;
- Emphasize the relationship between pay and performance by placing variable compensation at risk subject to the achievement of specific and measurable financial goals and objectives; and
- Maximize real growth-driven financial performance, balancing appropriately the short and long term goals of the Company.

Components of Compensation. The Committee believes that the compensation paid to the Company's most senior executives must rank at or near the top quartile of the compensation paid to executives of the peer group of companies set forth on page 12. This compensation will be maintained so long as the Company's financial performance is determined to be superior to the performance achieved by similar companies.

The Committee believes that the best interests of stockholders will be served if two-thirds of the annual compensation paid to the executive group comprises a combination of stock based compensation and variable cash incentive compensation. This approach to executive compensation will link the performance of the Company to the compensation of the executive.

The remaining portion of executive compensation, base salary, is determined by a variety of factors including knowledge, external competitiveness, prior experience, level of responsibility, time in position and individual performance.

In September 1991, Mr. Miles assumed the position of Chairman of the Board of Directors and Chief Executive Officer of the Company. The Committee increased Mr. Miles' base compensation in July 1992 to reflect his increased responsibilities and his individual contributions to the Company's performance after assuming his new position. As a result, Mr. Miles' base compensation for 1992 approximated the median base compensation level paid to the chief executive officers of the peer group companies.

Annual Incentives. Cash awards limited to the amount credited to the Annual Incentive Compensation Award Reserve by the Board are made to senior executives and middle management employees. As approved by the stockholders, the total amount that can be credited to the Reserve is limited at present to 16% of the amount of cash dividends declared on the Company's Common Stock.

Each year, the Committee approves the standards of performance used to determine the annual incentive awards for the five senior executives for whom compensation figures are provided in the Summary Compensation Table which follows this report as well as for all other employees who receive annual incentive awards.

For 1992, Mr. Miles' annual incentive award represented approximately 95% of his base compensation. This award was based in large measure upon the Company's financial performance in 1992, as compared to the Company's planned goals for the year in such areas as volume, revenues, income from operations, earnings per share and return on equity. Mr. Miles' total annual cash compensation (base salary plus the annual incentive), though not in the top quartile, resulted in a cash compensation package that exceeded by 22% the median of that paid to the chief executive officers of the peer group.

Long Term Incentives. The Company's 1992 Incentive Compensation and Stock Option Plan (the "Plan") provides that stock options and performance awards may be granted to individuals who contribute to the management, growth and profitability of the Company.

Stock Options. Stock options are used as the primary long-term incentive vehicle. Options provide executives with the opportunity to buy and maintain an equity interest in the Company and to share in the appreciation of the value of its Common Stock. The Committee believes that its stock option program is very important in enabling the Company to attract and retain the highest quality managers.

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Generally, options are issued annually, with the Committee having responsibility for establishing the term of the option, the requisite conditions for exercise and the amount of the awards. The option price must be no less than the fair market value of the Company's stock on the date of grant. Thus, the value of each stockholder's investment in the Company must appreciate before an optionee receives any benefit from the option. Generally, options are granted with a ten year exercise period in order to encourage executives and managers to take a longer term view of the impact of their individual contributions to the Company.

In 1992, the Committee made a special award to Mr. Miles consisting of stock options for 500,000 shares of Common Stock in recognition of his new position as Chairman of the Board of Directors and Chief Executive Officer. Eighty percent of these options were priced at $100 per share, 30% above the fair market value on the grant date. The remaining 20% were priced at fair market value on that date. Thus, Mr. Miles receives no benefit from the largest portion of the award until the stock price exceeds $100. The Committee believes that this non-cash award emphasizes the Committee's position that a significant equity stake in the Company links Mr. Miles' compensation to future enhancement of stockholder value.

In June of each year, all executives of the Company are generally eligible to receive stock options under the Plan. In June 1992, the Committee awarded Mr. Miles a stock option for 75,000 shares of Common Stock at fair market value on that date. The Committee based the number of options awarded to Mr. Miles on corporate performance and the prevailing practice among the peer group of companies.

Long Term Performance Awards. These awards permit executives to benefit only if financial performance goals established by the Committee at the time the awards are made are achieved over a period of time, usually three years. These goals can relate to growth in earnings per share, revenue growth, return on management investment and individual performance. They may also relate to the performance of a particular business unit as well as to the overall performance of the Company. Hence, the criteria may not be the same for all participants. Achievement of these goals should translate directly into enhanced value for stockholders. Senior and middle managers who can contribute strategically to the overall long term financial success of the Company are also eligible to participate in the Plan. As with the Annual Incentive awards, the Plan establishes a maximum amount which can be paid for any performance period. Awards are paid in cash in order to balance the cash and non-cash elements of the Plan.

The Committee has determined (or estimated) the awards for the three-year performance period which began in 1990 and ended in 1992. The amount estimated to be payable to Mr. Miles is 51% of the maximum amount that he could have earned. It is based upon specific categories of the Company's financial performance in 1992, namely earnings per share and revenues. It is subject to adjustment based upon the Company's performance as compared to certain peer group companies, comparisons which are not presently available.

COMPENSATION COMMITTEE

John S. Reed, *Chairman*
Harold Brown
Paul W. Douglas
Robert E. R. Huntley
Rupert Murdoch

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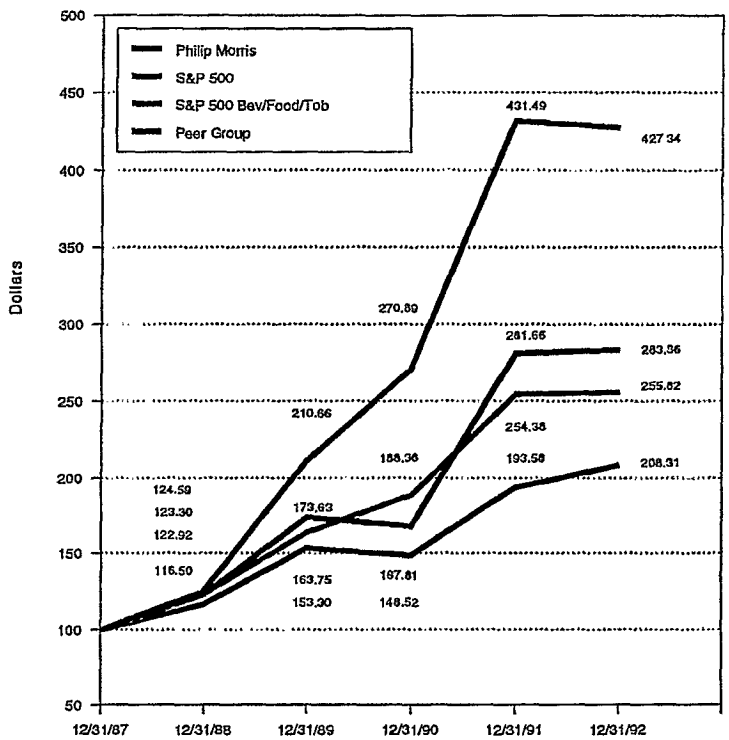
Comparison of Five-Year Cumulative Total Return (1):



Assumes $100 invested on December 31, 1987 in Philip Morris Common Stock, S&P 500 Index, Peer Group (2) and S&P 500 Beverages (Alcoholic), S&P 500 Foods and S&P 500 Tobacco Indices (3).

(1) Total return assumes reinvestment of dividends on a quarterly basis.

(2) The peer group consists of the following companies: American Brands, Inc., American Home Products Corporation, Amoco Corporation, Anheuser-Busch Companies, Inc., ARCO, The Boeing Company, Bristol-Myers Squibb Company, Chevron Corporation, The Coca-Cola Company, ConAgra, Inc., CPC International, Inc., Exxon Corporation, General Electric Company, General Mills, Inc., H.J. Heinz Company, International Business Machines Corporation, Johnson & Johnson, Merck & Co., Inc., Mobil Corporation, PepsiCo, Inc., Pfizer, Inc., The Procter & Gamble Company, Ralston Purina Company, RJR Nabisco, Inc., Sara Lee Corporation, Texaco Inc. and USX Corporation-Marathon Group.

(3) The following companies comprise the S&P 500 Beverages (Alcoholic), S&P 500 Foods and S&P 500 Tobacco Indices; no one index was considered a comparable peer group: Adolph Coors Company, American Brands, Inc., Anheuser-Busch Companies, Inc., Archer-Daniels-Midland Company, Borden, Inc., Brown-Forman Corporation, Campbell Soup Company, ConAgra, Inc., CPC International Inc., General Mills, Inc., Gerber Products Company, H.J. Heinz Company, Hershey Foods Corporation, Kellogg Company, Pet Incorporated, Quaker Oats Company, Ralston Purina Company, Sara Lee Corporation, The Seagram Company Ltd., UST Inc. and Wm. Wrigley Jr. Company. Although the Company is a component of the S&P 500 Tobacco Index, it has been excluded for the purposes of this presentation.

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Source: https://www.industrydocuments.ucsf.edu/docs/hkxl0000

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation: Salary	Annual Compensation: Bonus	Annual Compensation: Other (1)	Long Term Compensation: Awards: Options No. of Shares	Long Term Compensation: Payouts: LTIP (2)	All Other Compensation (1)(3)
Michael A. Miles	1992						
Chairman of the Board & Chief Executive Officer(4)	1991						
William Murray	1992						
President & Chief Operating Officer	1991						
Vice Chairman	1990						
Geoffrey C. Bible	1992						
Executive Vice President, International	1991						
President & Chief Administrative Officer, Kraft General Foods	1990						
Richard P. Mayer	1992						
Chairman & Chief Executive Officer, Kraft General Foods North America	1991						
President, General Foods USA	1990						
Hans G. Storr	1992						
Executive Vice President & Chief Financial Officer	1991						
Senior Vice President & Chief Financial Officer	1990						

REDACTED

REDACTED

REDACTED

(1) Pursuant to the rules of the Securities and Exchange Commission, information with respect to years prior to 1992 has been omitted.

(2) In 1990, long term performance awards were made to a limited number of senior executives. The awards were tied to the achievement **over a three-year period** of corporate or business unit performance criteria as adjusted to recognize individual accomplishments. The information in this column reflects the amount earned for the three-year period ended December 31, 1992, except that the amounts for Messrs. Miles, Bible and Mayer have been estimated. Final amounts are not presently determinable but are not expected to vary materially from the amounts shown.

(3) Amounts in this column consist of allocations to defined contribution plans.

(4) Pursuant to the rules of the Securities and Exchange Commission, information with respect to the year 1990 has been omitted as Mr. Miles did not become Chief Executive Officer until September 1, 1991.

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Source: https://www.industrydocuments.ucsf.edu/docs/hkxl0000